

Combined Utility System Fund  
For the period ended July 31, 2005  
(amounts expressed in thousands)

	Unaudited Preliminary FY2005	Adopted Budget	Current Budget	FY2006 YTD	Controller's Projection	F&A Projection
<b>Operating Revenues</b>						
Water Sales	\$ 304,459	\$ 313,361	\$ 313,361	\$ 32,004	\$ 313,361	\$ 313,361
Sewer Sales	288,459	302,653	302,653	28,661	302,653	302,653
Penalties	4,605	4,005	4,005	403	4,005	4,005
Other	4,583	4,078	4,078	422	4,078	4,078
Total Operating Revenues	<u>602,106</u>	<u>624,097</u>	<u>624,097</u>	<u>61,490</u>	<u>624,097</u>	<u>624,097</u>
<b>Operating Expenses</b>						
Personnel	114,034	130,480	130,480	9,871	130,480	130,480
Supplies	29,072	29,107	29,107	1,757	29,107	29,107
Electricity and Gas	50,108	52,421	52,421	3,152	52,421	52,421
Contracts & Other Payments	77,730	100,583	100,583	(2,062)	100,583	100,583
Non-Capital Equipment	1,011	1,468	1,468	(8)	1,468	1,468
Total Operating Expenses	<u>271,955</u>	<u>314,059</u>	<u>314,059</u>	<u>12,710</u>	<u>314,059</u>	<u>314,059</u>
Operating Income (Loss)	<u>330,151</u>	<u>310,038</u>	<u>310,038</u>	<u>48,780</u>	<u>310,038</u>	<u>310,038</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest Income	10,560	5,300	5,300	1,345	12,070	12,070
Sale of Property, Mains and Scrap	1,035	808	808	16	808	808
Other	9,525	7,614	7,614	41	7,614	7,614
<b>Other Financing Sources - Pension Bonds</b>	0	0	0	0	0	0
Gain on escrow restructure	31,838	0	0	0	0	0
Gross Revenue Contrib. from Water Auth.	0	0	0	0	0	0
Impact Fees	15,497	14,000	14,000	0	14,000	14,000
CIP Salary Recovery	0	3,140	3,140	0	3,140	3,140
HAWC	(1,677)	(9,075)	(9,075)	0	(9,075)	(9,075)
CWA & TRA Contracts (P & I)	<u>(31,546)</u>	<u>(32,219)</u>	<u>(32,219)</u>	<u>(4,205)</u>	<u>(32,219)</u>	<u>(32,219)</u>
Total Nonoperating Rev (Exp)	<u>35,232</u>	<u>(10,432)</u>	<u>(10,432)</u>	<u>(2,803)</u>	<u>(3,662)</u>	<u>(3,662)</u>
Income (Loss) Before Operating Transfers	<u>365,383</u>	<u>299,606</u>	<u>299,606</u>	<u>45,977</u>	<u>306,376</u>	<u>306,376</u>
<b>Operating Transfers</b>						
Debt Service Principal	12,690	11,356	11,356	946	11,356	11,356
Debt Service Interest	175,580	221,374	221,374	8,718	221,374	221,374
Discretionary Debt	27,822	26,282	26,282	0	26,282	26,282
Other Contractual Obligations	0	1,440	1,440	0	1,440	1,440
Equipment Acquisition	11,090	13,357	13,357	112	13,357	13,357
CUS General Purpose Fund	108,201	(5,503)	(5,503)	0	1,267	1,267
Transfer to General Fund	0	0	0	0	0	0
Transfer to Combined Utility System	0	0	0	0	0	0
Transfer to Stormwater	30,000	31,300	31,300	0	31,300	31,300
Total Operating Transfers	<u>365,383</u>	<u>299,606</u>	<u>299,606</u>	<u>9,776</u>	<u>306,376</u>	<u>306,376</u>
Net Current Activity						
Operating Fund Only	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,201</u>	<u>\$ 0</u>	<u>\$ 0</u>

**About the Fund:**

The Combined Utility System Fund is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receive and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.